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SUBJECT: NINEWA: DROUGHT OF RAIN AND CREDIT GIVE LITTLE HOPE FOR FALL PLANTING SEASON

This is a Ninewa Provincial Reconstruction Team (PRT) message.

Summary

¶1. (SBU) Farmers and agriculture officials across Ninewa told the PRT in April that agriculture in this drought-affected northern Iraqi province is a "disaster." Following the fourth straight year of below-average rainfall - the worst in recent memory for the province's farmers - Ninewa's mainstay wheat and barley crops have been deemed a "failure." Whereas wheat stalks should already be covered with "heads of gold" at this point in the season, fields across Ninewa are instead barren. While Ninewa's 75,000 farm families are used to dry conditions, successive years of drought, roll-over of unpaid loans and lack of GOI support since 2003 have left them unable to secure the credit needed to buy seed for this September's planting season. Ninewa's farmers advocate a one-year, non-bank seed credit program to get them through this fall's planting season.

Farmers Abandoning This Year's Crop

¶2. (SBU) In a circuit of regular meetings, the PRT in April reevaluated the state of provincial agriculture with the same western Ninewa farmers it had met during the 2007 fall planting season. At that time, the farmers had been optimistic that fledgling private and Agricultural Bank sources of credit and seed would allow them to exploit decent rainfall. However, this year's rains were both late and a fraction of the farmers' needs. In the last two months, many farmers abandoned the stunted grain shoots in their fields. To cut their losses, the farmers plowed the shoots back into the ground - a sign of their desperation over the failed crop - to help preserve at least some soil fertility.

¶3. (SBU) Even in the eastern Ninewa, which received relatively more rainfall and has better access to power and irrigation, provincial agriculture officials said this year's grain crop will be one of the worst in memory. Farmers with access to irrigation have focused their energy on higher-value per area vegetable crops that can benefit from the concentrated irrigation efficiency demanded by the province's limited supply of power to its irrigation pumps.

GOI Support Insufficient

¶4. (SBU) The province has received no response to its requests for Ministry of Agriculture assistance for genetically improved seeds and fertilizer. While the Ministry of Agriculture in Ninewa has in the past supplied seeds, fertilizer and fuel, farmers complain they have never received sufficient amounts for their farms. Farmers

typically receive non-genetically improved seed from GOI silos. That seed has a lower resistance to disease and insects, yielding a crop that is 30 percent less than would be possible with genetically improved varieties. With both fuel and fertilizer, for which the GOI is the only supplier, farmers say they never get more than half of what they need for their lands. Meanwhile, private importers of seeds, fertilizer and fuel do not exist. Only with sheep have the province's farmers received significant government support, with the Provincial Council and Director General of agriculture jointly supplying fodder this spring.

Credit Drought as Bad as Rain Drought

¶ 15. (SBU) Most of the province's 75,000 farmers were unable to get any credit assistance for the last planting season. The 3,500 who did get loans from the Agricultural Bank for seed and fertilizer expect not to repay those loans because of this year's crop failure. Repayment of such loans is a prerequisite for borrowing for the purchase of farm inputs for the 2008 fall planting season. Bankers feel burned by the 90 percent of unpaid farm loans in the province, many dating back to before 2003, and have said they will extend no more credit until old loans are repaid.

¶ 16. (SBU) Local representatives of the Agricultural Bank said they have heard about the \$100 million in Ministry of Agriculture funds dedicated to farmers nationwide, but said they expect little will come to Ninewa. Meanwhile, farmers said that even if the funds do come, their \$3,000 to \$5,000 amounts would be too small to be useful.

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Seeds and Sales Through Silos Could Help

¶ 17. (SBU) Ninewa farmers' main need for credit is to purchase seed. Given the insufficient GOI lending programs and lack of private credit opportunities mentioned above, many farmers across Ninewa told the PRT they may not be able to plant this fall. One idea they advocate, though, would eliminate the need for bank credit: free genetically improved seed distributions from GOI silos in the fall to be repaid next spring with guaranteed harvest sales to the silos. The system would eliminate the need for farm credit, which farmers use overwhelmingly for seed purchases. Also, as a one-year program, it would allow farmers to produce a crop that feeds the entire local economy, repay old loans, and stockpile resources and cash to re-enter the commercial credit market next year. The universal constant of corruption would exist in this program, as in any other entitlement, but farmers argued that at least this program would provide them a means to circumvent the institutional issues listed above that threaten to shut them out of farming entirely.

Comment: GOI Assistance Needed in Some Form

¶ 18. (SBU) Following four years of drought and amidst a closed credit market, Ninewa's farmers are already looking with desperation beyond this year's failed crops. The farmers need the most basic of farm inputs - seeds - to operate this fall but they have neither the credit nor their own funds to buy those seeds. An idea like extending GOI-purchased seeds directly to farmers who would repay their debt to the government through harvests is a possible solution. Together with increased fuel and fertilizer supplies - through either increased domestic production or imports - a seed distribution plan linked to guaranteed GOI crop purchases may get Ninewa's farmers through the next season.

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